

Review of Individual Indian Money Accounts Administered by the Bureau of Indian Affairs' Anadarko Agency, C-IA-BIA-22-84 - March 6, 1985

Recommendations

1. Comply with the Code of Federal Regulations, Bureau Manual, and the Solicitor's Opinion regarding the disbursement of funds from minors' accounts and to modify its policy accordingly.
2. Formally modify its current Social Services contracts and include in future contracts with the Tribes, specific provisions requiring annual reviews of adults' supervised accounts, documentation of need for the level of supervision, and preparation of financial plans.
3. Monitor the Social Services' contractors to ensure compliance with the contract provisions.
4. Delete and close out all voluntary tribal accounts from the Individual Indian Money accounting system and distributed the funds to the account holders.
5. Prepare and issue guidelines to all its agencies on the proper method of taking monthly inventories of blank Treasury check stock and of reconciling the inventories to the control records.

Bureau Response

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9. REVIEW OF INDIVIDUAL INDIAN MONEY ACCOUNTS ADMINISTERED BY THE BUREAU OF INDIAN AFFAIRS' ANADARKO AGENCY (C-IA-BIA-22-84), MARCH 6, 1985

The objectives of this review were to determine if (1) accounts were established and maintained in accordance with applicable Federal regulations and Bureau guidelines, (2) Agency operating practices were adequate to provide for proper record keeping and to prevent misuse of Indian monies, and (3) individuals and tribal organizations were improperly using the accounts in lieu of commercial banking services. The report contained 29 recommendations.

Bureau of Indian Affairs Response

The Bureau concurred with all 29 recommendations. On July 11, 1985, the report was referred to the Assistant Secretary for Policy, Budget and Administration for tracking the implementation of agreed upon corrective actions for 3 of the 29 recommendations. All recommendations have been reported as implemented.

Office of Inspector General Followup

Thirteen of the twenty-nine recommendations were selected for followup. Of the thirteen recommendations, six have not been implemented.

Supervised Minors' Accounts (Recommendations 1/1 and 1/2). The prior report noted that disbursements of a questionable nature and not in the best interests of the minors had been made from minors' accounts. We recommended that the Anadarko Agency adhere strictly to the requirements of the Bureau of Indian Affairs Manual when disbursing minors' funds (Recommendation 1/1) and that the Agency finalize and issue its draft policy letter on disbursing

minors' funds (Recommendation 1/2). The Bureau concurred with both recommendations.

Our followup showed that the Agency is reviewing all requests for disbursement from these types of accounts and rejecting those that are inappropriate. However, some of those decisions are being overruled by Area Office managers. For example, in December 1984, the Agency denied a request for disbursement of funds from a minor's (Kiowa Tribe) account to buy Christmas gifts for her brother and others. The Agency cited the Manual (66 IAM 6.4.2) and the audit report as the basis for the denial. The minor's guardian (an aunt) appealed to the Anadarko Area Office, which directed the Agency to make the disbursement.

*Solution Memo*  
2-17-85

On January 23, 1985, the Agency requested that the Solicitor provide an opinion on its trust responsibilities toward minors. The Solicitor's response supported the Agency stating, "Clearly a plan which envisioned gifts to third parties would not be authorized under the regulations." Notwithstanding the Solicitor's opinion, the Anadarko Area Office issued policy guidelines (May 10, 1985) that state, "Providing that adequate funds are available, reasonable disbursements for special occasions such as birthdays and Christmas are considered to be appropriate expenditures."

Supervised Adults' Accounts (Recommendations 2/1 and 2/2). The prior report noted that 20 percent of the sampled accounts did not contain information to indicate why the accounts were being supervised. We recommended that the Anadarko Agency review all supervised accounts at least once a year (1) to determine if the degree of supervision and the

disbursements were in the best interests of the individuals (Recommendation 2/1) and (2) to ensure that the files indicate the reasons for continued supervision and include documentation showing that the necessary financial planning had been done to meet the needs of supervised account holders (Recommendation 2/2). The Bureau concurred with both recommendations.

Our followup review showed that the Anadarko Agency requested its social services contractors to perform annual case reviews and to verify that all the proper documentation was in account holders' case files, including the reasons for continued supervision. However, no contract monitoring has been performed and no financial plans have been submitted by the contractors. To remedy the problem, the Agency requested the Area Office to include specific provisions in the social services contracts for making reviews, documenting the need for supervision, and preparing financial plans. The Area Office has not responded to the Agency's request.

Voluntary Deposits (Recommendations 3/1). We noted that the Agency was maintaining an inordinate number of tribal accounts (75 accounts with a combined balance of \$670,689) that were determined to be voluntary in nature. We recommended that the Agency eliminate all unnecessary tribal accounts. The Bureau responded that all account holders, both tribal and individual, whose accounts have been determined to be voluntary in nature would be sent a letter apprising them of the reasons for closing their accounts.

Our followup showed that none of the tribal accounts had been eliminated. More than half remain in the system with zero balances, even though the

Agency claims it will not accept deposits for these accounts. As of May 1986, there were 32 tribal accounts, with balances totaling \$724,609.

The files contained no documentation supporting the need for the Agency to maintain these accounts, and at least 16 accounts, with a combined balance of \$444,108, were voluntary. These dormant and voluntary accounts continue to generate statements, to be reflected in statistical compilations, to require continual monitoring to ensure funds are not deposited to them, and, in general, to require the Bureau and the Agency to waste time and money in keeping the accounts open.

Internal Controls (Recommendation 10/1). We recommended that the Agency, in accordance with Bureau guidelines, perform monthly inventories of its blank Treasury check stock and use signed receipts for check stock transfers. The Bureau responded that it was complying with these recommendations.

Our followup showed that the problem with control over the Agency's blank check inventory has not been corrected. Although the Agency counts the checks it has on hand, it does not reconcile them with any control record to ensure that records and physical counts agree. The Agency official responsible for the blank check inventory said he was unaware of any requirement to reconcile the check stock counts to control records.

Recommendations

We recommend that the Assistant Secretary for Indian Affairs direct the Anadarko Area Office to:

1. Comply with the Code of Federal Regulations, Bureau Manual, and the Solicitor's opinion regarding the disbursement of funds from minors' accounts and modify its policy accordingly.
2. Formally modify its current social services contracts and include in future contracts with the tribes, specific provisions requiring annual reviews of adults' supervised accounts, documentation of need for the level of supervision, and preparation of financial plans.
3. Monitor the social services' contractors to ensure compliance with the contract provisions.
4. Delete and close out all voluntary tribal accounts from the Individual Indian Money accounting system and distribute the funds to the account holders.
5. Prepare and issue guidelines to all its agencies on the proper method of taking monthly inventories of blank Treasury check stock and of reconciling the inventories to the control records.

Accounting Controls over Tribal Trust Funds, C-IA-BIA-24-83 -  
September 29, 1983

Recommendations

1. Provide a status report on the proposed procurement action to establish a single fully integrated accounting system.
2. Direct that the monthly reconciliation process be implemented Bureau-wide, including submission of the results of the reconciliations to the Branch of Indian Trust Fund Accounting which would act on any noted discrepancies.
3. Establish a single Treasury accounting station to handle all Bureau trust fund activity.

Bureau Response

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Jim Harris

5. ACCOUNTING CONTROLS OVER TRIBAL TRUST FUNDS (C-IA-BIA-24-83), SEPTEMBER 29, 1983

The objectives of this audit were to determine whether the Bureau had established effective accounting controls over tribal trust funds and had accurately reported trust fund status to tribes. The report contained six recommendations.

Bureau of Indian Affairs Response

The Bureau agreed in principle with the recommendations but did not specify how they would be implemented. On October 2, 1984, the report was referred to the Assistant Secretary for Policy, Budget and Administration for resolution. As of June 1986, the Assistant Secretary reported that five of the six recommendations had been resolved on the basis of a subsequent response by the Bureau. The Bureau established September 1988 as the target date to complete corrective action for resolving the remaining recommendation.

Office of Inspector General Followup

Four of the five resolved recommendations were reviewed, but only one has been fully implemented, i.e., the Bureau has performed a study on the feasibility of contracting out all or a portion of its tribal trust fund activity.

Accounting System (Recommendations 1/2a, 1/2b, and 1/2c). The prior audit reported that as a rule the Bureau did not reconcile the five systems it uses to account for tribal trust funds and even when it did identify differences it had no sound processes for resolving them. Also, trust fund financial activities were handled through two Treasury accounting stations,



which contributed to the Bureau's out-of-balance condition with Treasury and caused inaccurate reports of trust fund account balances. The Bureau agreed with our recommendation to develop a single system and to implement a monthly reconciliation process. The system would be developed either in-house or under contract.

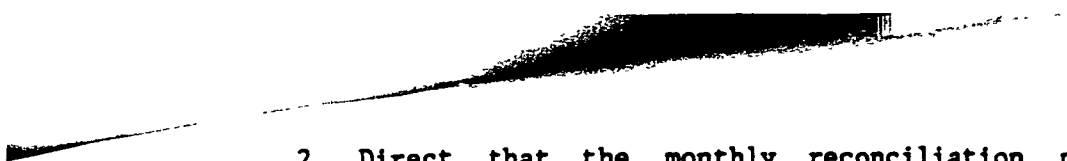
Our followup review showed that the Bureau had neither issued a contract nor determined in-house requirements for a single system. While a request for proposals was issued in February 1986, a Bureau official informed us in September 1986 that the contracting action and the consolidation of the two Treasury stations had been delayed pending the outcome of a Senate Committee's hearings on the proposed procurement.

We also found that the Bureau had not implemented the reconciliation system Bureauwide. Although two area offices utilize the system, they do not submit the results to the Branch of Indian Trust Fund Accounting for oversight. Since February 1985, only one agency office provided the Branch of Indian Trust Fund Accounting the results from the new reconciliation system (for August 1985), and even then the Branch took no action on the noted discrepancies.

#### Recommendations

We recommend that the Assistant Secretary for Indian Affairs:

1. Provide a status report on the proposed procurement action to establish a single, fully integrated accounting system.



2. Direct that the monthly reconciliation process be implemented Bureauwide, including submission of the results of the reconciliations to the Branch of Indian Trust Fund Accounting which would act on any noted discrepancies.

3. Establish a single Treasury accounting station to handle all Bureau trust fund activity.